Headquarters U.S. Air Force

Portfolio and Asset Management Overview

AFCEE Housing Privatization Workshop 4 May 2004

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Integrity - Service - Excellen

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What are Portfolio and Asset Management?

- AF's long-term oversight of military housing privatization projects
- Asset Management
  - The installation's day to day activities
- Portfolio Management
  - Oversight at the AF-level on all the installation projects
- Together Asset and Portfolio Management
  - Dependent and complimentary
  - But not the same

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What Portfolio and Asset Management are not:

- **Contract Management**
- **Property Management**
- **MILCON Housing Management**

OVERSIGHT!

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What do they do?

- Protect AF interests
- Manage and mitigate risks
- Protect AF investments
- Ensure satisfactory housing for our service members

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Portfolio/Asset Management

Goals and Objectives

- **Goals**
  - To proactively and systematically manage the post-closing risks and issues associated with military housing privatization to ensure long-term program success

- **Objectives**
  - Resident satisfaction with housing
  - Successful completion of development and scope of work
  - Enhancement and preservation of housing throughout the life of the project
  - Mitigation of risks to the project
  - Sound financial management

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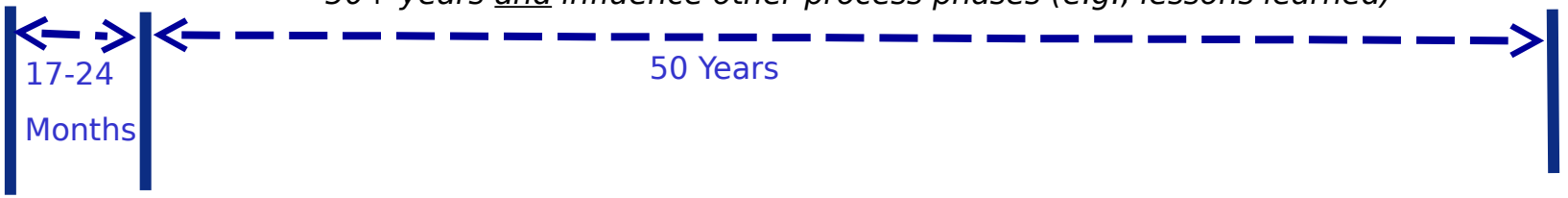
Housing Privatization
The BIG Picture

Execution

Portfolio and Asset Management begin before transaction closing and continue for 50+ years and influence other process phases (e.g., lessons learned)



Project
- Define
- Develop
- Acquire

Transition
- Transfer property
- Train staff
- Organize office
- Document Catalog
- Compliance Checklist
- Insurance Summary
- Executive Summary
- Lockbox Administration

Sustainment
- Document Oversight
- Compliance Testing
- Lockbox Review
- Project Report
- PEP Report
- Budget Review
- Insurance Compliance
- Site Assessment
- Training
- Solution Implementation

Lessons Learned
- Database
- Training
- Seminar

Project Closure
- Requirements Planning
- Asset Disposition or Acquisition

BASE ● MAJCOM ● AFCEE ● JLL

The Air Force Asset and Portfolio Management Team

Approach

- Centralized
- Consistent standards and reporting
- Independent oversight
- Early identification of issues
- Lessons learned/best practices
- Program continuity

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Portfolio Management Team

- My AFCEE/JLL team
  - Engineering program managers
  - Financial Analyst
  - Business analysts
  - Legal professionals
- Our monitoring
  - Setup monitoring tools
  - Manage document archives
  - Evaluate project operations and property condition
  - Draft reports
  - Monitor financial accounts
  - Review project budgets
  - Implement lessons learned
  - Provide training

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Portfolio Management

AFCEE / Jones Lang LaSalle Role

- Monitoring and Evaluation
  - Overall Project Performance (operational, financial, technical)
  - Benchmarking and Trending Analysis
  - Compliance Testing
  - Overall Portfolio Performance
- Reporting
- Identification and Resolution of Problems
- Financial/Fiduciary Management
  - Direct Loans
  - Guaranteed Loans
  - Lockbox Oversight
- Document Management

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AFCEE/Jones Lang LaSalle Role

- **Jones Lang LaSalle will:**
  - **Interact directly with stakeholders to collect information and clarify and resolve issues**
  - **Produce all draft and final deliverables**
  - **Seek and incorporate feedback into final docs**
  - **Provide technical support to the installation**
  - **Participate in Annual Site Visits**
  - **Provide Financial Report analysis and discussion**
  - **Complete Budget Reviews**
  - **Provide primary Lockbox Oversight**
  - **Conduct Annual Insurance Reviews**
  - **Provide periodic training**

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Your Asset Management team performs the everyday oversight

- **Your Team**
  - **Civil Engineering**
  - **Financial Management**
  - **Contracting**
  - **Legal Office**
- **Your oversight**
  - **Manage project**
  - **Watch property owner**
  - **Review reports**
  - **Survey tenants**
  - **Share lessons learned**

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Asset Management

Installation provides day-to-day oversight and interaction with the developer/property manager. Specific tasks include:

- Prepare semi-annual Program Evaluation Plan report (PEP)
- Coordinate, organize, chair, execute all aspects of the MRC
- Perform Compliance to ensure conformity with project documents
- Review and approve annual budgets
- Review Capital Repair/Replacement and Reinvestment Plans
- Review quarterly project–level reporting-corroborating variances w/SO
- Assist with insurance reviews and site assessments
- Manage design & construction oversight (Title II) and subsequent improvements
- Conduct tenant surveys and assess resident feedback
- Validate utilities analysis

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Asset Management

Installation provides day-to-day oversight and interaction with the developer/property manager. Specific tasks include:

- Perform QA/QC duties
- Direct loan closing assistance
- Review lockbox account statements and reports
- GOQ reporting
- Manage tenant referral process / demographics
- Waiting list maintenance and oversight of priority waterfall
- Provide “Real Time” information regarding significant events impacting the installation and privatized housing
- Collect and provide portfolio management documents to AFCEE as required
- Utilize AFCEE support for special asset management issues/problem resolution

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Staffing and Structure

- Portfolio and Asset Management is a lot of work!
- The Installation retains a big role in this effort
- Installation leadership support is needed to support a successful Asset Management program
- Installation staffing and organizational structure will Impact the performance of any project
- Privatization does not necessarily reduce the Housing Flight manpower requirement although its role will be reconfigured as it has less direct control over the housing-*balance*
- Multiple skill-sets are needed to effectively perform Asset Management (contracting, engineering, housing, legal, finance, QA/QC, environmental). *Build the 50-year team*
- A central POC with responsibility for project performance is needed
- Asset Managers need to understand the binding transaction documents (ground lease, operating agreement, etc.)

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Transaction Documents

Lease of Property-Ground Lease/Use Agreement

- Term of land lease
- Conveyance of existing improvements by Quit Claim Deed or Bill or Sale
- Use restrictions on leased land
- Environmental Protection Clauses
- Taxes
- Insurance
- Priority Waterfall
- Utility Service
- Maintenance of Land
- Demolition/Renovation/ Construction Requirements
- Operation/Maintenance of Project
- Tenant referrals and leasing
- Dispute resolution
- Default/Termination

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Transaction Documents

Operating Agreement

- Procedures and requirements for operations and maintenance of project
- Management Review Committee
- Security
- Management Plans
  - **Community Development Plan**
  - **Facilities Design and Construction**
  - **Construction Management Plan**
  - **Property Operations and Management Plan**
  - **Unit Occupancy**
  - **Rental Rate Management Plan**
  - **Facilities Maintenance Plan**
  - **Capital Repair and Replacement Plan**
  - **Reinvestment Plan**

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Transaction Documents

Lockbox Agreement

- Governs the deposit, use and disbursement of all project funds for life of project (50 years)
- Appointment of Lockbox Agent
- Establishment of Lockbox Accounts to ensure viability/high quality of project
- Reinvestment Plan

Forward Commitment

- Prerequisites for Government agreement of pay off of construction loan

Intercreditor Agreement

Bill or Sale/Quitclaim Deed

- Conveyance of housing units and land

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Transaction Documents

Loan Documents

- AF Direct Loan Note
  - Use limited to paying off construction loan and paying transaction costs during construction
- Direct Loan Mortgage/Financing Statements
  - Provides AF lien on PO's leasehold interest in the project and ownership of improvements

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Financial Documents

- Annual Operating Budget
- Capital Repair and Replacement Budget
- Original Pro Forma
- Quarterly Financial Report

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Legal

- SAF/IEI Delegated Authorities
  - Project Documents
    - Lease of Property, Operating Agreement and Management Plans
    - Lockbox Agreement
  - AFI 32-6007
    - AF-wide delegations
  - Delegation letter to MAJCOM
- Existing Installation Commander Authority
  - Security, safety, etc.

Legal

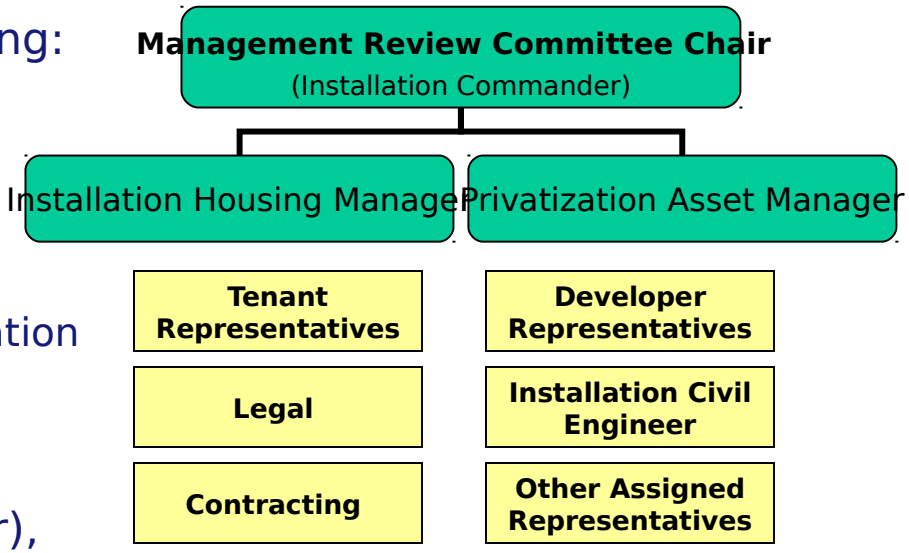
- **Dispute Resolution**
  - **MRC**
    - **Informal resolution of issues relating to**
      - Routine facility operations
      - Quality of service
      - Housekeeping
      - Safety/security
      - Other administrative issues
  - **Lease (Condition 24 Disputes)**
    - **Disputes </=$10k**
    - **Disputes > $10k appealable to SAF**

Legal

- **Lease (Condition 7 Default and Termination)**
  - **Grounds for default**
    - **Failure to comply with any lease provision after 30 days notice**
    - **Project owner bankruptcy**
  - **Grounds for termination**
    - **Failure of parties to agree on final plans**
    - **Default and failure to cure**
    - **Extensive damage or destruction of improvements**
  - **Default/Termination is the Big Hammer, but we suggest only use it when all else fails!**

Management Review Committee

- Purpose is to discuss post transaction closure issues and administrative matters including:
  - Routine development and operations
  - Tenant relations: quality of service, safety, security
  - Tenant referral issues
  - Budget approval recommendation
  - Capital reinvestment expenditures
- Membership includes the Installation Commander (Chair), asset manager, and other appropriate staff, Project Owner and local property manager, residents' representative



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Tools of the Trade

Transition Services

- Project or “executive” summary
- Document Management
- Insurance summary report
- Compliance checklist
- Lockbox administration tool

Sustainment Services

- Program Evaluation Plan Reporting (Semi-Annual)
- Document Oversight (Continuous)
- Lockbox Reviews (Quarterly)
- Project Reporting (Quarterly/Annually)
- Budget Reviews (Annual)
- Insurance Compliance (Annual)
- Compliance Testing (Continuous)
- Annual Site Assessments (Annual)
- Solution Implementation
- Training
- Subsidy Re-estimates

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Transition

Same process with two perspectives

- **The Asset Management perspective**
  - **Transfer the property and prepare for transaction closing**
  - **Train the staff to learn the job and obtain certifications**
  - **Setup the office and assign the staff**
- **The Portfolio Management perspective**
  - **Orientation Site Visit**
  - **Document Management**
  - **Compliance Checklist Tool**
  - **Executive Summary**
  - **Insurance Summary**
  - **Lockbox Administration Tool**
  - **Follow-up Site Visit**

Sustainment Services

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Annual Budgets
Introduction

What is the annual budget and what does it do?

- The budget sets forth the amounts that the Project Owner plans to collect in revenues and spend on property operations and capital during the stated year
- The budget should include three deliverables; 1) the operating budget that includes revenues, expenses and forecast NOI, 2) the lockbox budget that forecasts the deposit amounts and balances in the various lockbox accounts, and 3) the Capital Repair and Replacement (or similar) budget
- The budget drives many transfers from the Revenue Account into the cash flow waterfall
- Poor financial forecasts in the budget may trigger repercussions if the forecasts fail to meet minimum DCR requirements
- The budget can be amended if it deviates materially from plan
- The budget drives certain distributions in the cash flow waterfall (Lockbox)

Snapshot: *The installation is a primary source of information on the budget as they are "living and breathing" the operations of the project.*

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Annual Budgets

Frequency

- Annually 90 Days prior to year-end
- Must be approved/disapproved within 30 or 60 days of receipt

Installation

- Coordinate a review of the budgets with AFCEE and MAJCOM as necessary
- Ensure that the MRC Committee meeting is scheduled within the 60 day approval window
- Brief Wing Commander and obtain approval or rejection with comments
- Failure to secure an approval / rejection results in a de facto approval
- Engage appropriate staff to review the Capital Repair and Replacement Budget and ensure that staff communicates perceived improvement

MAJCOM

- Review and coordinate as necessary

AFCEE

- Review operations and capital repair and replacement budgets for reasonableness relative to 1) prior year actual spending, 2) pro forma, 3) industry benchmarks, and 4) portfolio benchmarks
- Coordinate questions on the budget with the installation but work directly with the Project Owner to obtain resolution
- Submit a report with recommendations to the installation to accept/reject the budget within 15-30 calendar days of receipt

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Lockbox Administration

Introduction

What: Process to ensure adherence to cash flow management as detailed in the final transaction documents (Lockbox Agreement)

Why: To protect Air Force Interests and ensure funds are deposited and disbursed appropriately

Who: AFCEE with support from Jones Lang LaSalle

When: Ongoing from project closing; usually reviewed on a monthly basis.

Where: Every project

Snapshot: *Lockbox administration tools (MS Excel models) have been developed for all projects to assist Lockbox Agents and other stakeholders verify compliance with Lockbox Agreements.*

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Lockbox Reviews

Installation

- Review and gain understanding of PM reports
- Brief Wing Commander of status of Lockbox Accounts at MRC Meetings

MAJCOM

- Review

AFCEE

- Ensure that lockbox transactions are performed in accordance with the transaction documents
- Review bank statements and Lockbox Agent Reports
- Complete the Lockbox Administration Tool (or ensure the Lockbox Agent does so) to provide complete historical record of transactions
- Compare transactions to the requirements of the Lockbox Agreement
- Identify questions / errors and take action to cause corrections
- Report issues and findings to the installation

Compliance Testing

Introduction

What: Quarterly assessment of stakeholder compliance with the obligations and responsibilities mandated in transaction legal documents

Why: To protect Air Force Interests and assess whether the Air Force is “getting what we paid for”

Who: Installation Staff with assistance from AFCEE and Jones Lang LaSalle

When: Compliance testing begins at the first closing and is an ongoing process resulting in a quarterly report (every 90 days).

Where: Every project

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Compliance Testing

Roles and Responsibilities

Installation:

- Assess compliance with items assigned to the installation (some items are quarterly, others are specific to closing, default, or other events)
- Provide completed checklist to AFCEE every quarter
- Provide accompanying discussion on non-compliant items or items that can not be assessed

MAJCOM:

- Provide installation with assistance on an as needed basis

AFCEE:

- Assess compliance with any items specific to AFCEE
- Review installation and MAJCOM submissions
- Provide final quarterly compliance report

Reporting
Introduction

What: Standardized reports that detail the current condition of and trends for each project and the portfolio as a whole

Why: Provides key decision makers and enforcement officials with timely, relevant and standardized assessments of project and program performance

Who: AFCEE produces the reports and sends them to:

Project Level Reports	**Portfolio Level Reports**
Installation	Air Staff
MAJCOM	SAF
Project Owner	

When: Quarterly with expanded reports on an annual basis

Reporting
Composition of Reports

- Executive Summary of Project – focus on trending; discussion of pertinent issues and color scores
- Three main sections
  - Operations & Maintenance (performance relative to budget & pro forma, occupancy, service statistics, tenant survey results, annual site visit results, delinquency, lockbox performance, leasing trends)
  - Construction / Development (timing and cost comparisons to plan)
  - Finance (capital structure, debt/equity balances, loan default status, performance relative to other requirements such as the Debt Coverage Ratio or DCR)

Overall Project Ratings

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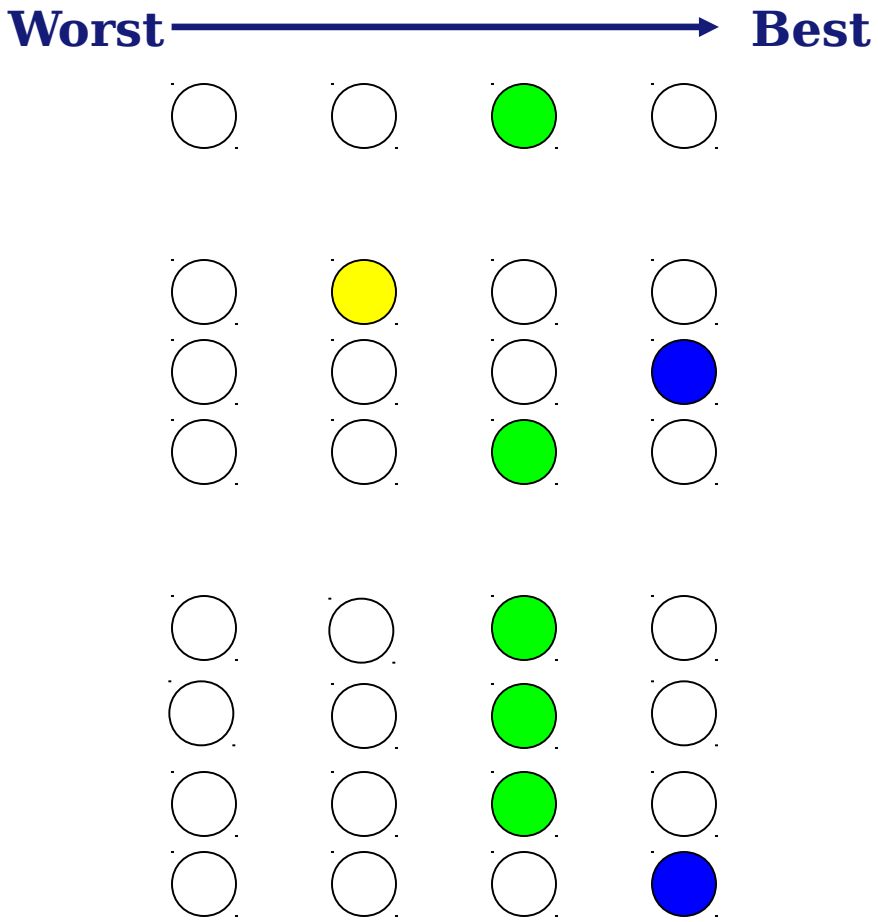

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Ratings Defined

BLUE	**Exceptional**	**Substantially exceeds minimum performance requirements in a way beneficial to the AF or project as a whole.**
GREEN	**Acceptable**	**Meets minimum performance requirements to maintain acceptable project viability.**
YELLOW	**Marginal**	**Does not meet identified minimum performance requirements or exhibits negative trends that threaten project viability. Weaknesses may include, but are not limited to, sharp declines in or prolonged weakness in occupancy rates, sharp declines in or prolonged deterioration of the physical condition of housing, sharp declines in or prolonged deterioration of cash flows. Weaknesses that are temporary or are expected to be remedied are characteristics of a Yellow rating.**
RED	**Unacceptable**	**Fails to meet material minimum performance requirements or any loan default of material violation of loan covenants. Continuing issues or issues inherent to the project that**

Rating Rationale / Support

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Overall Project Rating

Despite weakness in occupancy, the Project is considered to be satisfactory at this time. Occupancy trends suggest that the Project will continue to improve and reach stabilized occupancy by 30 Jun 03. Financially, the Project is in good condition and with a favorable outlook going forward.

Project Operations and Maintenance

Occupancy: The occupancy rate increased from 77.6% on 30 Sep 02 to 84.6% on 31 Dec 02 after a significant decline in the prior period. The improvement was entirely due to referrals from the housing office as the Project Owner is prohibited from triggering the priority waterfall until 27 Sep 03.

Service: Reported service figures showed that the Project Owner achieved its target response times in 100% of calls during the period.

Budget: Variances in the first year of operation are expected. More accurate budgetary performance is expected in 2003.

Physical Condition

Annual Site Visit: The Project received a rating of 91 of 100 at its first site visit in November 2002. This is considered satisfactory for a first site visit, particularly given the project was completed in September.

Finance

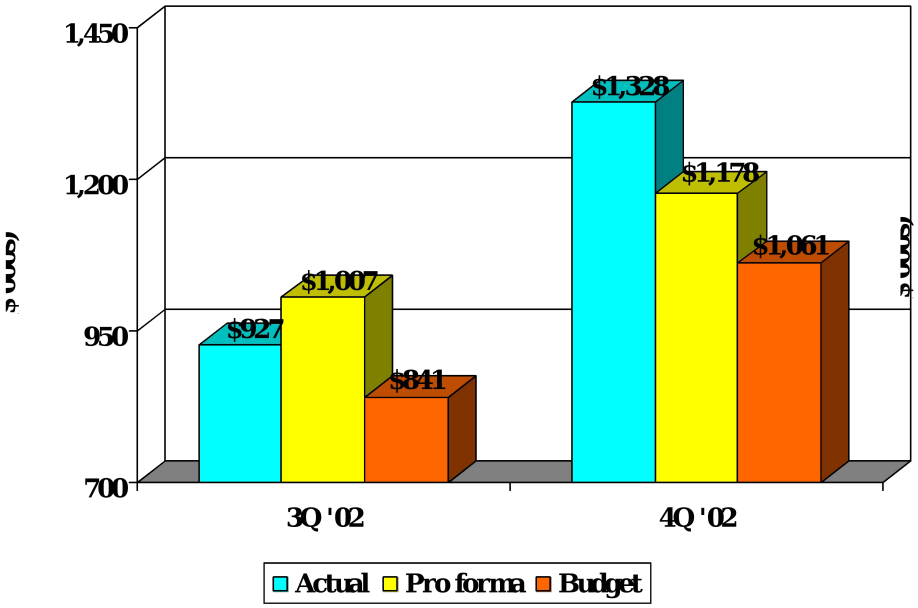
Project Financial Health: Financial strength improved during the period as occupancy increased and debt service payments decreased. Expenses increased significantly during the period primarily as a result of higher real estate taxes and insurance payments. The Project appears to be gaining solid footing and is expected to continue to improve.

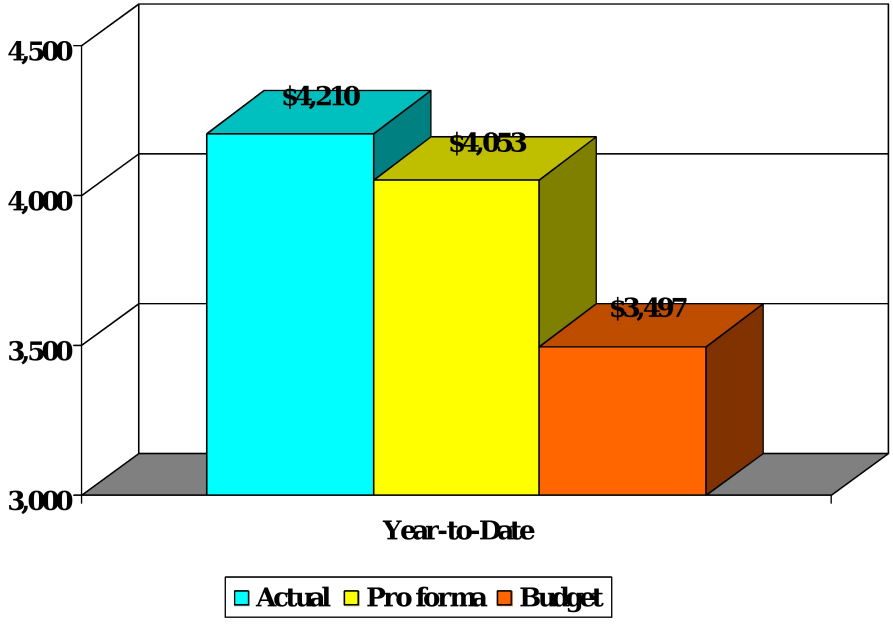
Debt Coverage: Debt coverage was 1.69 for the period, indicating that cash flows were more than adequate to cover debt service payments. Overall cash flow for the Project was positive but would benefit from improved revenues resulting from higher occupancy rates.

Operational Performance

Net Operating Income vs. Pro forma and 2002 Budget

These graphs demonstrate Actual Net Operating Income (before Depreciation and Interest) vs. pro forma and the 2002 Budget. As demonstrated below left, NOI improved relative to both pro forma and budget in the 4th Quarter relative to the 3rd Quarter. Performance during the period and year-to-date was better than both pro forma and budget. Below right, year-to-date higher revenues and flat to lower costs relative to pro forma and budget have driven increased profitability.



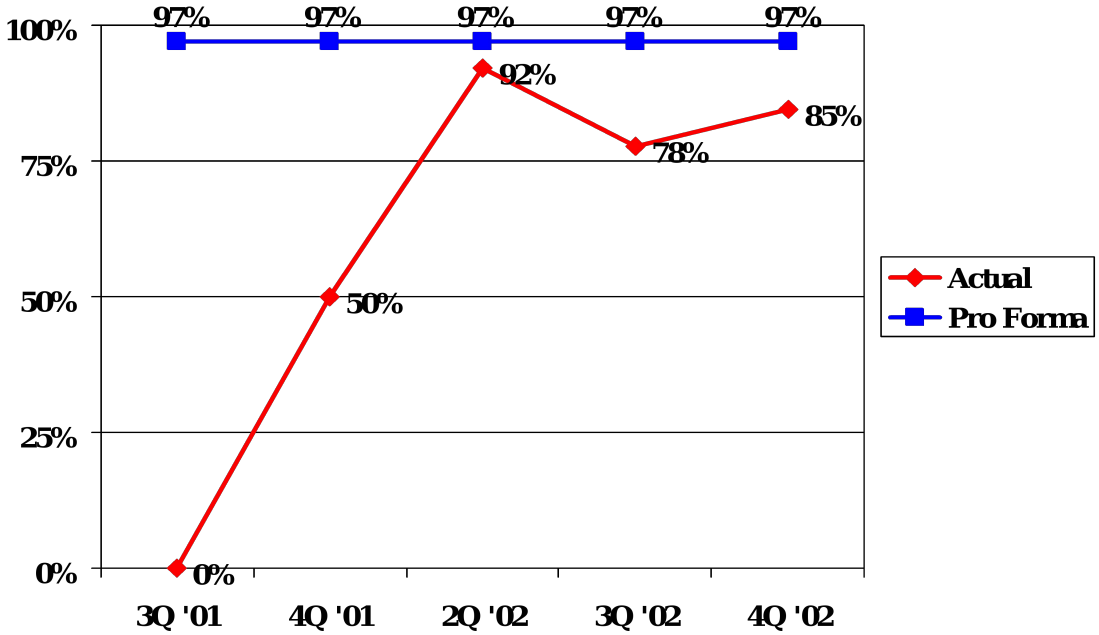


Operational Performance

Occupancy Rate (Volume Variance)

Occupancy increased from 77.6% to 84.6% in the 4th Quarter. The drop in occupancy between the 2nd and 3rd Quarter was the result of 133 units being completed in the period and after the peak moving season. The Project Owner, installation, MAJCOM and AFCEE are working to temporarily allow the Project Owner more flexibility to rent units to non-target accompanied military tenants.

Date	Occupied	Available
December 31, 2001	8	4
March 31, 2002	121	136
June 30, 2002	248	269
September 30, 2002	402	312
December 31, 2002	402	340

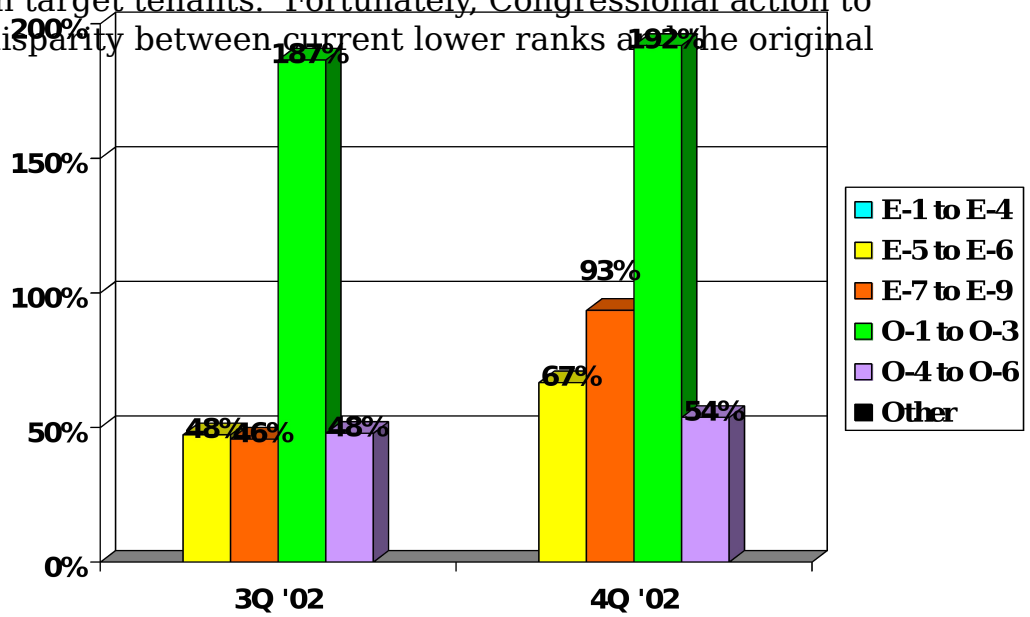


Operational Performance

Occupancy Rate by Rank

The following graph will illustrate occupancy rates by rank. It compares the current number of tenants by rank to the target for that rank. The pro forma occupancy rate is 97%. On a percentage basis, occupancy in the E1 – E4 and Other categories is not measurable as there was no targeted volume for those ranks/tenants. The graph clearly demonstrates that occupancy in several of the targeted ranges, E5-E6 and O4-O6, are far below expectations while the lower pay grade O1-O3 group (and likewise the E1-E4 group) is much higher than expected. Despite continued weakness, improvement from the 3rd Quarter are clearly seen in all groups as more units are filled with target tenants. Fortunately, Congressional action to increase BAH rates has reduced the disparity between current lower ranks and the original target rank BAH rates.

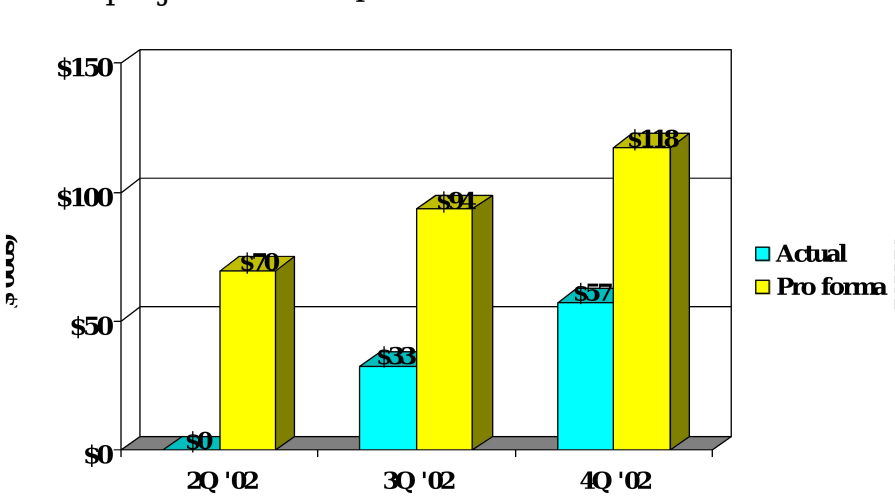
Rank	Target #	Actual #
E1 – E4	0	104
E5 – E6	382	201
E7 – E9	166	155
O1 – O3	37	71
O4 – O6	65	35
Other	0	84

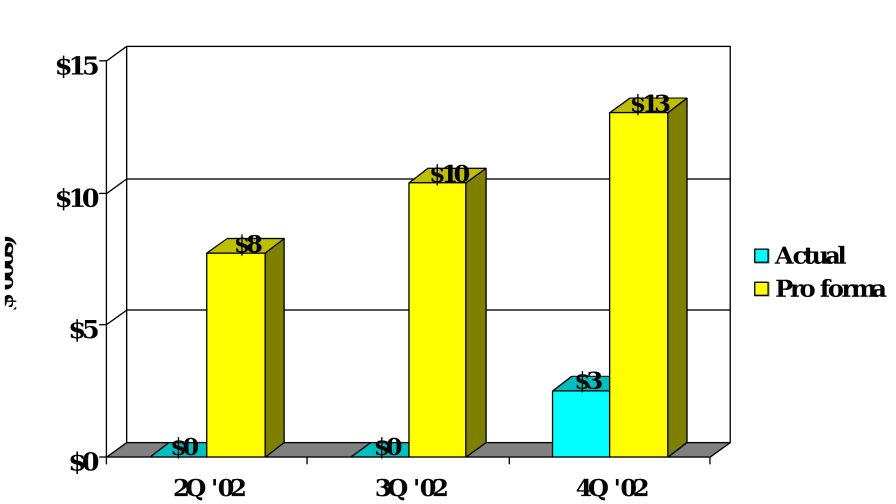


Operational Performance

Replacement Reserve and Reinvestment Accounts

Below are the Replacement Reserve and Reinvestment Account balances from 30 Jun 02 through 31 Dec 02. An AFCEE review of financial statements prior to closing of the Government Loan in September revealed that the Lockbox Agent had not properly funded the Replacement Reserve Account. The proper value was calculated and deposited to the account at closing. The value is significantly below pro forma because of construction delays as initial contributions were directly tied to unit completion dates. Deposits to the Reinvestment Account were started in October after the Direct Loan Closing. The balance trails pro forma because the Project Owner forecast deposits earlier than required. The amount of $25 per unit per year will be deposited for the first 20 years of the project.

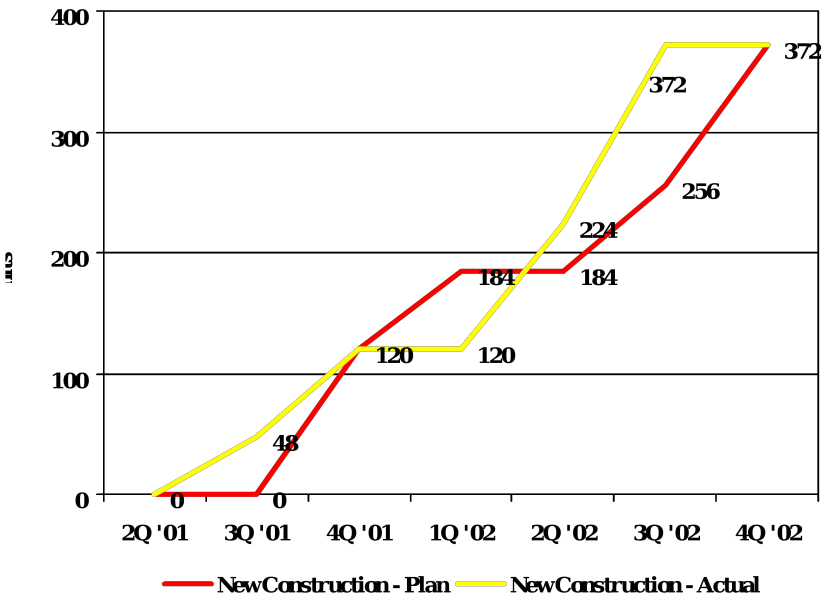


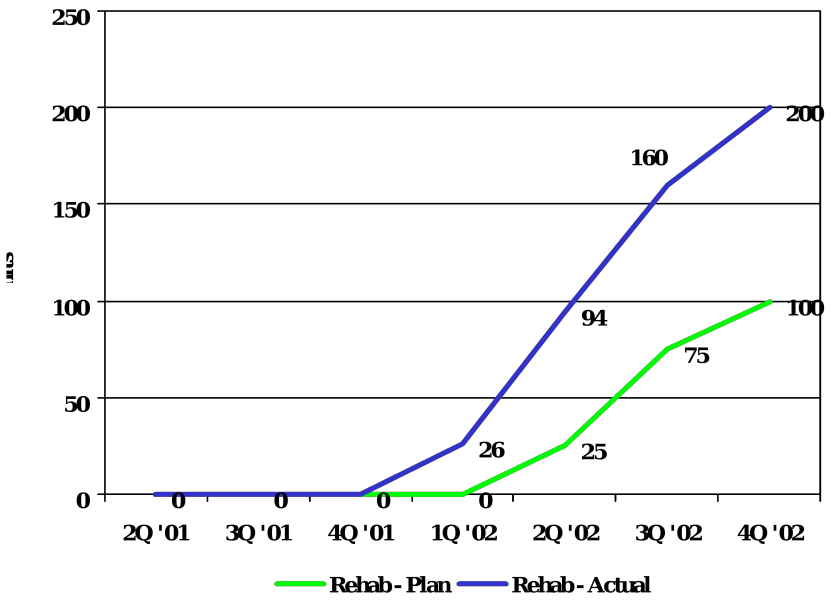


Construction / Development Performance

Development Schedule - Unit Completions

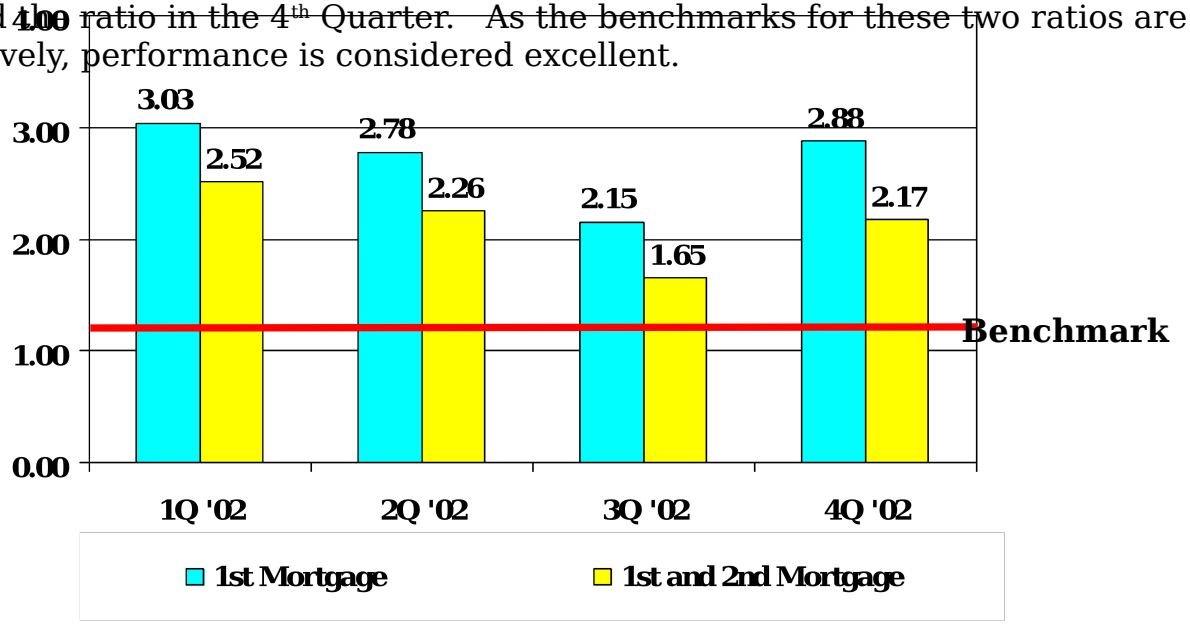
The following graphs illustrate the progress of construction as compared to the original plan. The only units that remain to be completed are 48 new construction units in a specific subdivision. While the Project is ahead of plan, closing is still anticipated in September 2003.





Debt Coverage Ratios ("DCR")

The following chart illustrates quarterly debt service ratios for the Project. Debt coverage ratios compare NOI (before interest and depreciation) to debt service payments. Debt coverage ratios may vary during construction as loan balances (and therefore debt service payments) increase and NOI changes in response to changes in the number of units online. Values above 1.0 indicate that the Project is generating funds sufficient to make interest payments for the Project. The downward trend in the first 3 Quarters of 2002 reflected the increased amount of debt service associated with increasing loan balances during the construction phase. A material increase in NOI improved the ratio in the 4th Quarter. As the benchmarks for these two ratios are 1.2 and 1.05, respectively, performance is considered excellent.



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Getting the raw data..

- AFCEE launched web-based financial database in early 2004 to collect financial data directly from Project Owners
- Database streamlines data collection process and helps the Air Force standardize metrics across the portfolio
- Will eventually serve as a benchmarking tool for installations
- Even though database is designed for Project Owner, Installation also has access

Portfolio Access Manager

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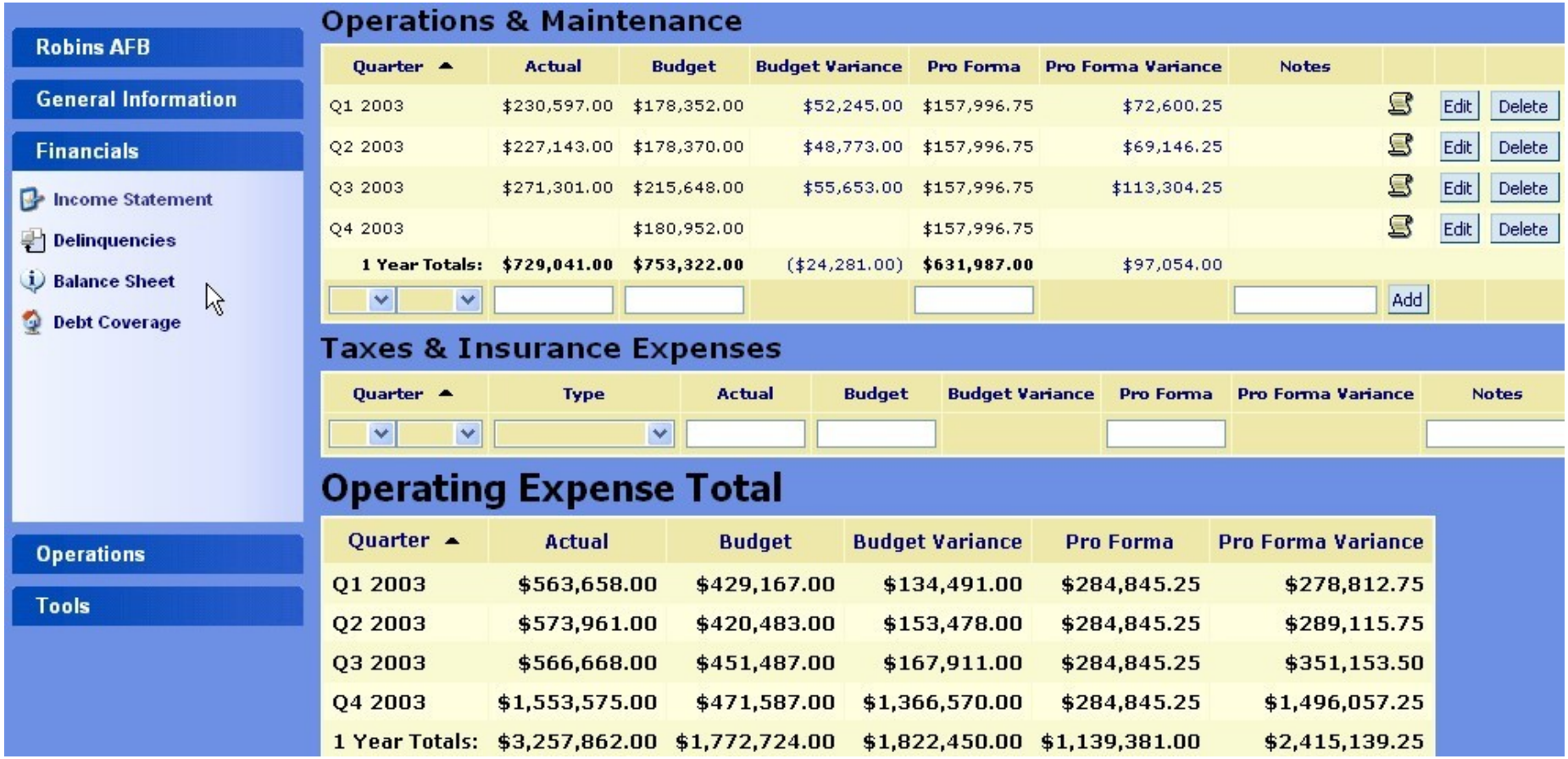
Robins AFB
General Information
Financials
Income Statement
Delinquencies
Balance Sheet
Debt Coverage
Operations
Tools
Operations & Maintenance
Quarter ▲ | Actual | Budget | Budget Variance | Pro Forma | Pro Forma Variance | Notes
Q1 2003 | $230,597.00 | $178,352.00 | $52,245.00 | $157,996.75 | $72,600.25 | Edit | Delete
Q2 2003 | $227,143.00 | $178,370.00 | $48,773.00 | $157,996.75 | $69,146.25 | Edit | Delete
Q3 2003 | $271,301.00 | $215,648.00 | $55,653.00 | $157,996.75 | $113,304.25 | Edit | Delete
Q4 2003 | | $180,952.00 | | $157,996.75 | | Edit | Delete
1 Year Totals: | $729,041.00 | $753,322.00 | ($24,281.00) | $631,987.00 | $97,054.00
Add
Taxes & Insurance Expenses
Quarter ▲ | Type | Actual | Budget | Budget Variance | Pro Forma | Pro Forma Variance | Notes
Operating Expense Total
Quarter ▲ | Actual | Budget | Budget Variance | Pro Forma | Pro Forma Variance
Q1 2003 | $563,658.00 | $429,167.00 | $134,491.00 | $284,845.25 | $278,812.75
Q2 2003 | $573,961.00 | $420,483.00 | $153,478.00 | $284,845.25 | $289,115.75
Q3 2003 | $566,668.00 | $451,487.00 | $167,911.00 | $284,845.25 | $351,153.50
Q4 2003 | $1,553,575.00 | $471,587.00 | $1,366,570.00 | $284,845.25 | $1,496,057.25
1 Year Totals: | $3,257,862.00 | $1,772,724.00 | $1,822,450.00 | $1,139,381.00 | $2,415,139.25

Reporting
Roles & Responsibilities

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Installation

- Assist AFCEE by providing certain information (Certificates of Completion, Waiting Lists, events that impact the Project, corroborate budget variances, MRC Minutes, correspondence with the Project Owner)
- Review and provide feedback on Quarterly Project Owner and AF Reports
- Brief Wing Commander on overall status and condition at MRC Meetings

MAJCOM

- Review draft reports and provide feedback

AFCEE

- Reviews and analyzes data from all sources
- Directly contacts stakeholders, as necessary, to resolve outstanding questions and clarify issues
- Produces and distributes draft Quarterly Reports
- Requests and integrates comments and recommendations from Installation and issues the finalized report

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Site Assessments
Introduction

What: On-site visits from AFCEE to assess the overall health and condition of the Project and performance of key stakeholders (Project Owner, Property Manager, Installation Housing Office)

Why: Establishes a baseline to compare conditions over time (trends) that is consistently applied across the Portfolio. Provides independent and expert assessment

Who: AFCEE Portfolio Manager produces the reports with input from Installation, MAJCOM, Project Owner, and others

When: Once per year, adjusting season periodically to ensure a diverse set of visits

Where: Every project

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Site Assessments
Target Timelines

- Dates are proposed and coordinated with the Installation and Project Owner in advance of the assessment
- An agenda and list of questions is sent to the Installation and Project Owner approximately 2 – 4 weeks prior to the visit
- The visit typically takes two full business days
- Approximately 30 days after the visit, a draft report is issued to the Installation and MAJCOM
- After review and comments, the final report is sent to the Project Owner

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Site Assessment
Roles and Responsibilities

Installation

- Review the agenda and prepare information as needed / specified
- As desired, provide staff to accompany and observe the process
- Ensure that installation housing office and other installation staff are available for discussions according to the agenda

MAJCOM

- If desired, send a representative to accompany and observe the process

AFCEE

- Coordinates dates, prepares and sends agenda and questions
- Conducts the assessment, prepares and delivers draft report
- Integrates feedback, delivers final report

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Insurance Compliance
Introduction

What: Review all policies for compliance with types, amounts, limits, additional insured language and conditions outlined in the transactional documents. Also includes a review of industry standards to identify areas that should be changed to benefit the Air Force.

Why: To ensure that the Project, residents, employees, and the AF are all protected to the full extent defined in the transaction documents

Who: AFCEE Portfolio Manager produces the reports and sends them to:

- Installation
- MAJCOM
- Project Owner

When: Annually upon renewal of insurance policies

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Insurance Compliance
Coverage Table

Insurance Type	Minimum Limit	Term	Source Doc	Insured	Additional Insured
Property Insurance (Construction)	Borrower shall cause contractors and subcontractors to carry insurance required within the Transaction Documents. 100% Replacement Cost for Property Damage due to any cause, including fire, flood, earthquake, avalanche, etc.	During Construction	LA	Davis Constructors & Engineers, Inc.	Aurora Military Housing, LLC, Air Force, Nat'l Bank of Alaska, subcontractors
Property Insurance (Construction)	Borrower shall cause contractors and subcontractors to carry insurance required within the Transaction Documents. 100% Replacement Cost for Property Damage due to any cause, including fire, flood, earthquake, avalanche, etc.	During Construction	LA	Osborne Const. Co	Aurora Military Housing, LLC, Air Force, Nat'l Bank of Alaska,
Commercial General Liability and Auto Liability	$10 million for bodily injury or death / $3 million for property damage (contractors and subcontractors)	During Construction	LA	Davis Constructors & Engineers	Aurora Military Housing, LLC, Air Force, Nat'l Bank of Alaska
Commercial General Liability and Auto Liability	$10 million for bodily injury or death / $3 million for property damage (contractors and subcontractors)	During Construction	LA	Osborne Const. Co.	Aurora Military Housing, LLC, Air Force, Nat'l Bank of Alaska, subcontractors
Workers' Compensation/	As required by law.(contractors and subcontractors)	During Construction	LA	Davis Constructors & Engineers	N/A
Workers' Compensation	As required by law.(contractors and subcontractors)	During Construction	LA	Osborne Const. Co.	N/A
Property Insurance, Earthquake Insurance	"At all Times" Borrower shall maintain "All Risk" Policy in Broad Form. 100% Replacement Cost or Loan Amount, whichever is greater. Automatic Increase Endorsement. Max $10K deductible.	Life of Loan / Lease	Lease, LA, SA	Aurora Military Housing, LLC	Air Force (Renewal Policies do not contain documentation that Lenders are Additional Insureds)
Avalanche Insurance	Same as Property Ins. Above if applicable. Confirm on Certificate that Avalanche Insurance is included under Earth Movement Coverage. No documentation of Avalanche risk.	Life of Loan	LA, SA	Aurora Military Housing, LLC	Air Force, Alaska Housing Finance Corporation, Nat'l Bank of Alaska
Flood Insurance	Not required. Not in FEMA Flood Hazard Area	Not required	LA, SA	Aurora Military Housing, LLC	Air Force, Alaska Housing Finance Corporation, Nat'l Bank of Alaska

Insurance Compliance
Roles & Responsibilities

Installation

- Reviews draft Annual Insurance Review Report and provides feedback/ comments
- As needed, works with AFCEE to prompt Project Owner into issuing corrected insurance certificates
- Forward any Certificates of Insurance that it receives to AFCEE

MAJCOM

- At its option, coordinate review of the Insurance Review Reports and work with AFCEE to ensure weaknesses are corrected

AFCEE

- Tracks insurance expiration dates through the compliance testing process
- Performs thorough review of certificates to ensure they adhere to the transactional requirements
- Prepare and distribute Insurance Review Reports to appropriate recipients
- Work with Project Owner in coordination with the Installation to correct weaknesses

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Program Evaluation Plan

Introduction

What: The Program Evaluation Plan (PEP) is a semi-annual assessment of key project metrics, both qualitative and quantitative, for delivery to DOD/OSD (consists of a, monitoring matrix, and narrative section).

Why: To provide OSD with a high level summary of all military privatization projects (Air Force, Army, and Navy)

Who: Installation Staff with assistance from Jones Lang LaSalle and AFCEE

When: The PEP covers a period from 1 Jan to 30 Jun (June PEP) and 1 Jul to 31 Dec (December PEP) each year. The PEP is completed within one month after the close of the reporting period. A Fact Sheet is completed one time within 60 days of close.

Where: Every project

Program Evaluation Plan

Roles and Responsibilities

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Installation

- Complete semi-annual PEP template delivered by MAJCOM
- Use Narrative section to provide supporting discussion on any project issues not specifically covered in Fact Sheet or Monitoring Matrix

MAJCOM

- Electronically sends the PEP templates to installations POCs
- Assist installation as required
- Approves and submits the PEP reports to AFCEE

AFCEE

- Sends a formal "call" letter and PEP templates to the MAJCOM 1.5-2 months before the due date for the submittals
- Review installation submissions
- Compile PEP submittals from all bases into a consolidated monitoring matrix and narrative
- Compose an executive summary on the performance of the portfolio
- Submit PEP to Air Staff/OSD

Snapshot: Once the installation establishes a process and completes the first PEP, the ongoing tasks associated with PEP reporting are minimal.

Document Management
Introduction

Document Management / Extranet

- **AFCEE maintains original or 2nd generation documents**
- **Secure Web Based Extranet**
  - Serves as portal for all available on portfolio management of MHPI
  - Easy to navigate
  - Highly secured access approved through AFCEE
  - Customized for the AF Extranet
- **Secure physical location**

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Portfolio Management Extranet

What: Central “always-on” repository for all project related documentation from transaction closing forward

Why: To eliminate barriers associated with obtaining project information and provide ability for self-service

Who: Stakeholders can obtain access limited to projects in which they are involved; AFCEE controls access

When: Installation specific page is launched at project closing; population with data begins immediately thereafter

Where: http://delphi3.am.joneslanglasalle.com

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Document Management

Navigating the Extranet

- Each installation has it's own homepage; installations are arranged by MAJCOM
- Options for contributing documents and leaving feedback are found in the upper right corner of the screen
- Links to relevant data and other sites are displayed in the bottom section

Finding Your Information

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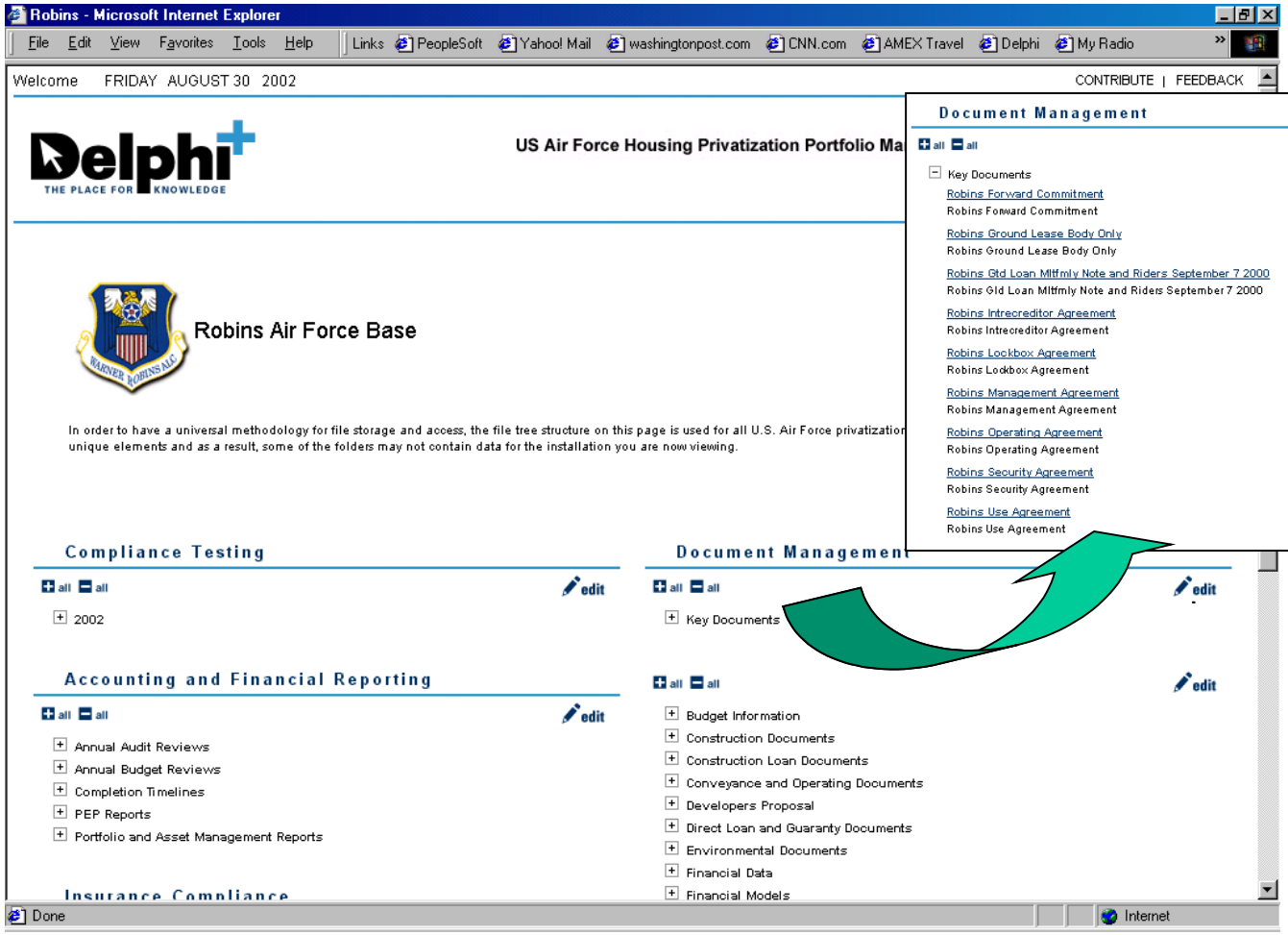
Robins - Microsoft Internet Explorer
File Edit View Favorites Tools Help
Links PeopleSoft Yahoo! Mail washingtonpost.com CNN.com AMEX Travel Delphi My Radio
Welcome FRIDAY AUGUST 30 2002
CONTRIBUTE | FEEDBACK
Delphi
THE PLACE FOR KNOWLEDGE
US Air Force Housing Privatization Portfolio Ma
Robins Air Force Base
In order to have a universal methodology for file storage and access, the file tree structure on this page is used for all U.S. Air Force privatizatior
unique elements and as a result, some of the folders may not contain data for the installation you are now viewing.
Document Management
all all
Key Documents
Robins Forward Commitment
Robins Forward Commitment
Robins Ground Lease Body Only
Robins Ground Lease Body Only
Robins Gtd Loan Mltfmly Note and Riders September 7 2000
Robins Gtd Loan Mltfmly Note and Riders September 7 2000
Robins Intrecreditor Agreement
Robins Intrecreditor Agreement
Robins Lockbox Agreement
Robins Lockbox Agreement
Robins Management Agreement
Robins Management Agreement
Robins Operating Agreement
Robins Operating Agreement
Robins Security Agreement
Robins Security Agreement
Robins Use Agreement
Robins Use Agreement
Compliance Testing
all all edit
2002
Accounting and Financial Reporting
all all edit
Annual Audit Reviews
Annual Budget Reviews
Completion Timelines
PEP Reports
Portfolio and Asset Management Reports
Insurance Compliance
Document Management
all all edit
Key Documents
all all edit
Budget Information
Construction Documents
Construction Loan Documents
Conveyance and Operating Documents
Developers Proposal
Direct Loan and Guaranty Documents
Environmental Documents
Financial Data
Financial Models
Done
Internet

- Key Documents Section houses frequently requested files
- Other documents use a categorization that is standard to all bases
- Transaction documents are found on the right, Sustainment documents (quarterly reports, PEP reports, etc. are found on the left)

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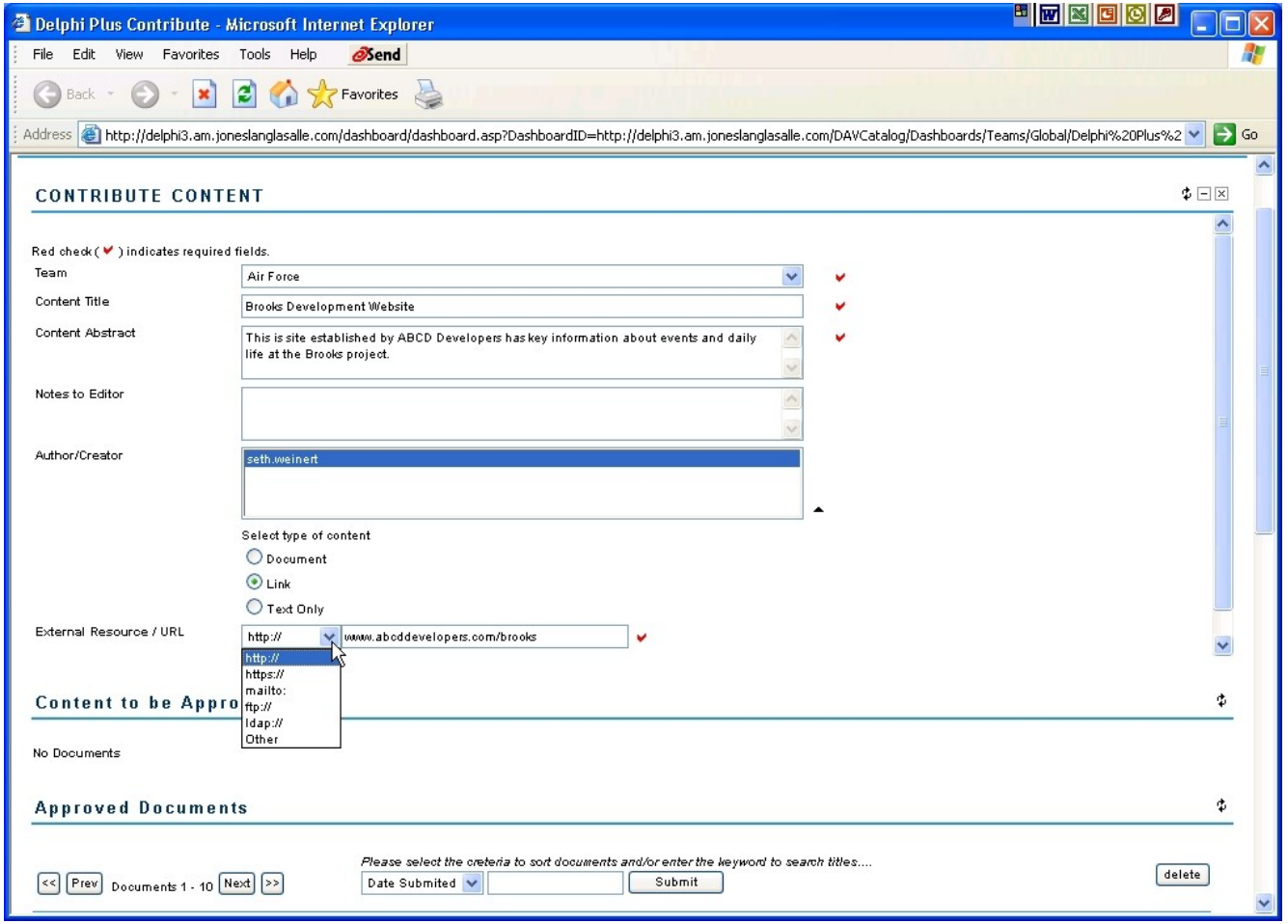
Contributing to the Extranet



- Links, Documents (any type), and text only contributions can be made
- Contributions will be reviewed and posted to the site within 48 hours
- Any registered user may contribute

Lessons Learned Database

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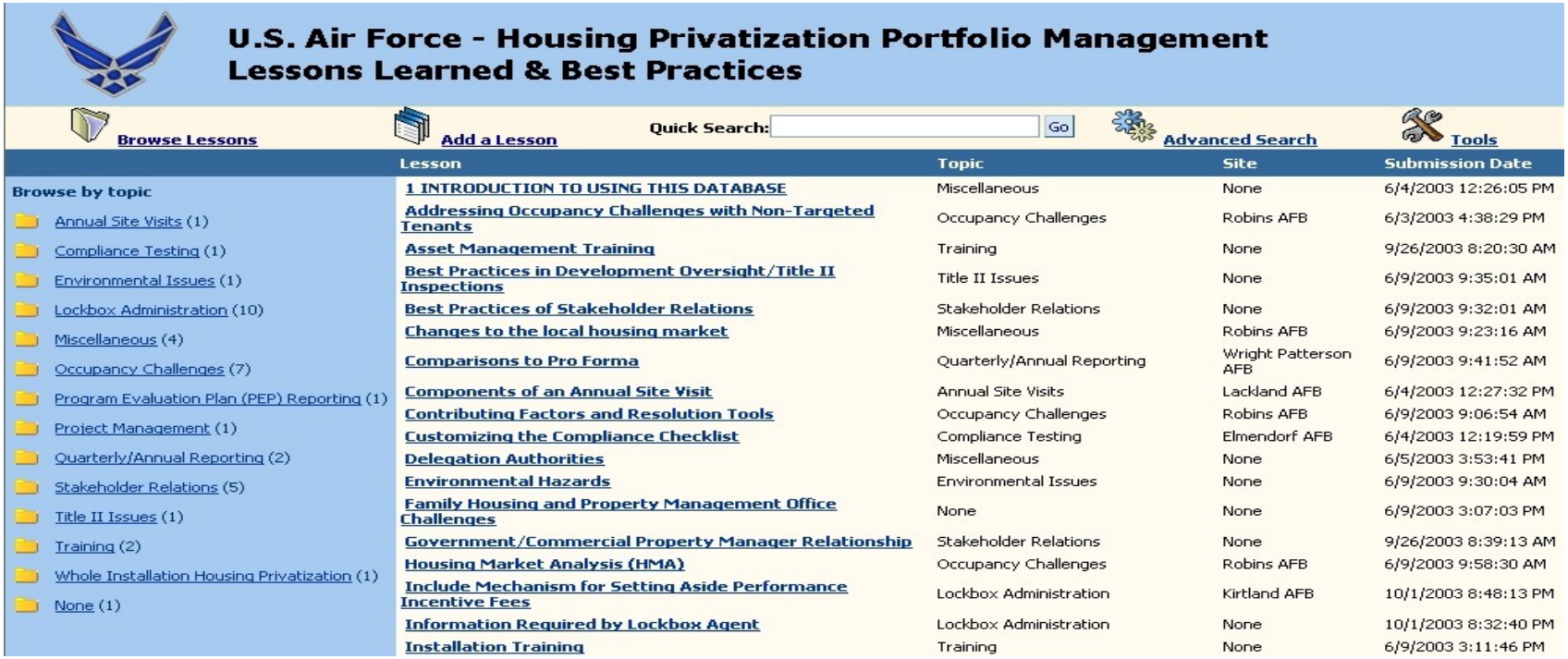

U.S. Air Force - Housing Privatization Portfolio Management
Lessons Learned & Best Practices

Browse Lessons | Add a Lesson | Quick Search: Go | Advanced Search | Tools

Browse by topic

- Annual Site Visits (1)
- Compliance Testing (1)
- Environmental Issues (1)
- Lockbox Administration (10)
- Miscellaneous (4)
- Occupancy Challenges (7)
- Program Evaluation Plan (PEP) Reporting (1)
- Project Management (1)
- Quarterly/Annual Reporting (2)
- Stakeholder Relations (5)
- Title II Issues (1)
- Training (2)
- Whole Installation Housing Privatization (1)
- None (1)

Lesson	Topic	Site	Submission Date
1 INTRODUCTION TO USING THIS DATABASE	Miscellaneous	None	6/4/2003 12:26:05 PM
Addressing Occupancy Challenges with Non-Targeted Tenants	Occupancy Challenges	Robins AFB	6/3/2003 4:38:29 PM
Asset Management Training	Training	None	9/26/2003 8:20:30 AM
Best Practices in Development Oversight/Title II Inspections	Title II Issues	None	6/9/2003 9:35:01 AM
Best Practices of Stakeholder Relations	Stakeholder Relations	None	6/9/2003 9:32:01 AM
Changes to the local housing market	Miscellaneous	Robins AFB	6/9/2003 9:23:16 AM
Comparisons to Pro Forma	Quarterly/Annual Reporting	Wright Patterson AFB	6/9/2003 9:41:52 AM
Components of an Annual Site Visit	Annual Site Visits	Lackland AFB	6/4/2003 12:27:32 PM
Contributing Factors and Resolution Tools	Occupancy Challenges	Robins AFB	6/9/2003 9:06:54 AM
Customizing the Compliance Checklist	Compliance Testing	Elmendorf AFB	6/4/2003 12:19:59 PM
Delegation Authorities	Miscellaneous	None	6/5/2003 3:53:41 PM
Environmental Hazards	Environmental Issues	None	6/9/2003 9:30:04 AM
Family Housing and Property Management Office Challenges	None	None	6/9/2003 3:07:03 PM
Government/Commercial Property Manager Relationship	Stakeholder Relations	None	9/26/2003 8:39:13 AM
Housing Market Analysis (HMA)	Occupancy Challenges	Robins AFB	6/9/2003 9:58:30 AM
Include Mechanism for Setting Aside Performance Incentive Fees	Lockbox Administration	Kirtland AFB	10/1/2003 8:48:13 PM
Information Required by Lockbox Agent	Lockbox Administration	None	10/1/2003 8:32:40 PM
Installation Training	Training	None	6/9/2003 3:11:46 PM

- Share information across the portfolio
- Organized by installation, topic, date, lesson owner, etc.
- Fully searchable
- Upload examples (spreadsheets, photos, documents, etc)
- Secured environment. AFCEE controls access

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Roles and Responsibilities

Installation/MAJCOM

- Look to the site for source of current information
- Post new reports and information as applicable directly to the site

AFCEE

- Through JLL, ensure that the extranet site is functional and populated
- Communicate to JLL all of the AF personnel that should have access and the level of access
- Through JLL, ensure that access is limited and secure
- JLL is to maintain and update the extranet site

U.S. AIR FORCE

Contact Information

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See the AFCEE Web Site under Housing Privatization/Portfolio Management

http://www.afcee.brooks.af.mil/dc/dcp/news/portfoliomanagement/default.asp